

Brighton Jones®
Trust Company



The South Dakota Advantage for Trusts

When it comes to trust planning, the choice of trust situs—the state under which your trust is governed—can have a profound impact on flexibility, protection, and long-term wealth preservation. Brighton Jones Trust Company is a registered South Dakota trust company. South Dakota is widely recognized as one of the most favorable trust jurisdictions in the U.S., offering a combination of robust asset protection, tax advantages, and modern trust laws that make it a top choice for families seeking to preserve wealth across generations.

Key Advantages of South Dakota Trusts

1. No State Income Tax

South Dakota imposes no state income tax on trusts, allowing trust assets to grow without erosion from state-level taxation.

2. Silent and Confidential Trusts

South Dakota is one of the few states that permits “silent trusts,” where beneficiaries are not required to be notified of the trust’s existence or may receive limited information until certain conditions are satisfied (e.g., until the beneficiary attains a certain age).

3. Self-Settled Asset Protection Trusts

South Dakota allows self-settled asset protection trusts, meaning the trust creator (settlor) can protect assets from creditors while still benefiting from them—an option only available in a few states.

4. No Rule Against Perpetuities

Trusts in South Dakota can continue indefinitely, unlike many states that limit the life of a trust to a certain number of years. This allows families to create dynasty trusts that preserve wealth across multiple generations.

5. Virtual Representation

South Dakota’s virtual representation laws allow trusts to be modified or settled on behalf of minor, unborn, or unascertained beneficiaries in a flexible, streamlined manner, reducing the need for court involvement.

6. Directed Trusts

South Dakota permits directed trusts, where traditional trustee duties (trust investments, distributions, and administration) are divided among multiple decision makers. Directed trusts provide clear delineation of roles, segregation of liability, and allows the settlors to remain involved in trust investment decisions.

7. Decanting and Trust Modification

South Dakota allows for decanting and other non-judicial modifications to otherwise irrevocable trusts. This allows flexibility to account for changing trust and tax laws, investment strategies, and family dynamics without court involvement.

8. Supportive Legislative Environment

South Dakota has made deliberate efforts to position itself as a leading trust jurisdiction by enacting modern laws intended to support trust privacy, tax and asset protection, and flexibility.

9. Strong Creditor Protection

South Dakota provides robust creditor protection. Generally, trust assets are not reachable by creditors and are shielded from personal liabilities of the trust settlor and beneficiaries.

The South Dakota Choice

South Dakota is widely recognized for having a state government that supports:

- Flexible and favorable trust, tax, privacy, and asset protection laws
- Innovative long-term trust laws, including the ability to establish perpetual trusts that may avoid repeated transfer taxation over generations
- No state income, capital gains, dividend, or intangible taxes on trust assets.

Your legal and tax advisors can help you determine whether South Dakota law is appropriate for your family's specific objectives, trust design, and applicable tax and legal considerations.

Contact Us

Brighton Jones Trust Company is a registered South Dakota trust company. As trustee, Brighton Jones Trust Company provides the nexus to take advantage of South Dakota trust laws. To learn more about how Brighton Jones Trust Company can benefit your family, please reach out to trusts@brightonjones.com.

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